

Don't Let this Happen to You!!!

Hua Ko Electronics Co., Ltd. /Nanshing Color & Chemical Co., Ltd./general Chemical Corp. Of New Jersey

On December 21, 1999, the Commerce Department imposed a \$174,000 civil penalty on Hua Ko Electronics Co., Ltd., a Hong Kong company which had previously been denied export privileges, for ordering and receiving U.S.-origin goods in violation of its denial order. The allegations involve shipments that occurred between August 1994 and May 1997. Hua Ko was also denied export privileges for five years. The denial and \$87,000 of its fine were both suspended.

In a related matter, the Department imposed a \$38,500 civil penalty on Nanshing Color & Chemical Co., Ltd., also a Hong Kong company, for transferring U.S.-origin goods to Hua Ko. The lesser civil penalty imposed was due in large part to Nanshing's cooperation in the investigation. A third company, General Chemical Corporation of New Jersey, agreed to a \$77,000 civil penalty to settle allegations that it exported U.S.-origin goods to Nanshing while knowing or having reason to know that the Nanshing would transfer the goods to Hua Ko Electronics Co. Ltd.

Macosia International

On November 29, 1999, the Under Secretary for Export Administration issued an order affirming the recommended decision of the administrative law judge (ALJ) that imposed a seven-year denial of all export privileges against Macosia International, of Laredo, Texas. The ALJ found that Macosia had exported handcuffs and leg irons from the United States to Mexico without the validated export licenses required by the EAR.

Rothco / Morris Rothenberg and Sons Inc.

On July 15, 1999, Morris Rothenberg and Sons, Inc., doing business as Rothco, a Smithtown, New York Company, plead guilty to charges that the company illegally exported and attempted to export handcuffs to the Republic of Croatia and gas masks to Japan. In connection with the plea, Rothco agreed to pay a criminal fine of \$500,000 and prosecution costs in the amount of \$200,000. In a related administrative action, the Department of Commerce ordered Rothco to pay a \$200,000 civil penalty and denied its export privileges for one year to settle alleged violations of the EAR. The denial period was suspended and will be waived, provided that, during the period of suspension, Rothco committed no violation of the EAR. The investigation was conducted jointly by OEE's New York Field Office and the U.S. Customs Service.

Fawzi Mustaphu Assi

On July 12, 1999, the Commerce Department imposed a twenty-year denial of all U.S. export privileges on Fawzi Mustapha Assi, a Lebanese naturalized U.S. citizen, for attempting to export from the United States to Lebanon a thermal imaging camera without the export license that he knew or had reason to know was required. The equipment that Assi was attempting to export was intended for Hizballah, which has been designated as a foreign terrorist organization by the Secretary of State.

In a separate criminal action, in July 1998, Assi was arrested by special agents from the OEE's Chicago Field Office, the Federal Bureau of Investigations and the U.S. Customs Service for attempting to export U.S. origin items without the required export licenses and for attempting to provide material support and resources to a designated foreign terrorist organization. In August 1998, Assi was indicted on charges alleging violations of IEEPA, the Arms Export Control Act, and the Antiterrorism and Effective Death Penalty Act, and failing to appear in court. He is currently a fugitive.

Sun Microsystems of California Ltd.,/ Gold Valley Technology Company

On June 21, 1999, the Commerce Department imposed a \$30,000 civil penalty on Sun Microsystems of California, Ltd., a Hong Kong company, to settle allegations that it violated the EAR by arranging for shipments of computers to the People's Republic of China (PRC) that did not adhere to a condition of the export license. In a related matter, on December 21, 1999, the Commerce Department's imposed a \$20,000 civil penalty on Gold Valley Technology Company to settle allegations that it violated a term of an export license involving a shipment of computers to the People's Republic of China. A portion of the civil penalty imposed against Gold Valley, \$10,000, was suspended.

The Department alleged that, in September 1993, Sun Microsystems and Gold Valley arranged for a shipment of computers to the PRC that they knew or had reason to know was contrary to the condition on the export license. The Department also alleged that in October 1993, Sun Microsystems arranged for a shipment of computers to the PRC falsely representing that the shipment was authorized under a BXA license. The investigation was conducted by OEE's Washington Field Office

Dien Duc Huynh/Dien's Auto Salvage

On May 27, 1999, a U.S. District Court jury for the Western District of Louisiana found Dien Duc Huynh and his corporation, Dien's Auto Salvage, guilty of violating the Export Administration Act, Trading with the Enemy Act and theft of government property in connection with the illegal export of military surplus vehicles to Vietnam. Following his conviction, Dien Duc Huynh agreed to pay the government \$250,000 in lieu of forfeiting his property to the government. The conviction resulted from a joint investigation by the Office of Export Enforcement's Dallas field office, the U.S. Customs Service and the Department of Defense. Investigators found evidence that the defendants were purchasing surplus military vehicles from Army bases in the United States and Europe and exporting them to Vietnam through Singapore in violation of U.S. export control laws. The vehicles are controlled for national security, anti-terrorism, and regional stability reasons.

Interlink Computer Technology

On April 29, 1999, Interlink Computer Technology pleaded guilty in U.S. district court in San Francisco to charges of attempting to ship computer goods through Germany to Iran. This plea was the result of a joint investigation by special agents in the Office of Export Enforcement's San Jose field office and the U.S. Customs Service. In a related administrative action, the Commerce Department ordered the President of Interlink, Ali Mozaffari, individually and doing business as Interlink, to pay a \$5,000 civil penalty and denied both Interlink and Mozaffari's export privileges for five years; the denial period was suspended for five years.

WILLIAM F. MCNEIL/AMERICAN PROTECTION CORPORATION

On April 27, 1999, the Commerce Department denied the export privileges of American Protection Corporation until August 8, 2001. The Commerce Department determined that American Protection Corporation is related to William F. McNeil, whose export privileges were denied pursuant to Section 11(h) of the Export Administration Act, based on his criminal conviction for violating the International Emergency Economic Powers Act. The Commerce Department issued the “related person order” to prevent evasion of the order against McNeil.

John Strome/ Abdulmir Mahdi

On April 23, 1999, a U.S. District Court judge in Orlando, Florida sentenced John R. Strome, President of the Melbourne, Florida firm, Brevard International Technical Services, to two years of imprisonment and two years of probation for violating U.S. restrictions on exports to embargoed destinations. Strome, a Canadian citizen, pled guilty on December 17, 1998 to conspiring to violate the International Emergency Economic Powers Act and the Export Administration Regulations by exporting industrial equipment and machinery to Iran, Iraq, and Libya via intermediaries in Canada and the United Kingdom. In imposing the sentence, the judge took into account Strome’s substantial assistance in providing the Office of Export Enforcement with information and evidence on other firms and individuals involved in circumventing U.S. restrictions on exports subject to the EAR to embargoed destinations.

In a related matter, on November 19, 1999, Abdulmir Mahdi, a former associate of Strome and Canadian Businessman, was sentenced by a U.S. District Court judge in Orlando, Florida, to 51 months of imprisonment, a \$7,500 criminal fine and 3 years of probation for violating U.S. export controls restricting trade with Iran and Iraq. Mahdi, an Iraqi national, used two Toronto companies, OTS Refining Equipment Corporation and Tech-Link Development Corporation, to buy U.S. oil-field and industrial equipment for diversion to Iran and Iraq. The case was the result of a two-year investigation by special agents in the Office of Export Enforcement’s Miami field office.

Khalid Khalil El-Awar

On April 12, 1999, the Commerce Department denied Khalid Khalil El-Awar (Khaled El-Awar) of Houston, Texas, all export privileges until August 5, 2003, pursuant to Section 11(h) of the Export Administration Act. On August 5, 1995, Khaled El-Awar was convicted in the U.S. District Court for the Southern District of Texas of violating the International Emergency Economic Powers Act by exporting steel pipe and oil field accessories from the United States to Rotterdam, Holland, for transshipment to Libya.

Schott Fiber Optics, Inc.

On April 13, the Commerce Department imposed a \$50,000 civil penalty on Schott Fiber Optics, Inc., of Southbridge, Massachusetts, to settle allegations that the company exported fiber optic image inverters from the United States to the Netherlands without obtaining the required export licenses. A portion of the penalty, \$10,000, was suspended for one year, and thereafter will be waived, provided no violations are committed during the one-year period. The Office of Export Enforcement’s Boston field office investigated the case.

CN Biosciences, Inc.

On March 29, 1999, the Commerce Department imposed a \$708,000 civil penalty on CN Biosciences, Inc., of San Diego, California, and its subsidiary, Calbiochem-Novabiochem (UK) Ltd., of the United Kingdom, for alleged shipments of U.S.-origin biological toxins to various destinations without the required export licenses. The Department further alleged that Calbiochem (UK) Ltd reexported a U.S.-origin biotoxin from the United Kingdom to the Republic of Ireland without the required reexport authorization from BXA. Half the penalty, \$354,00 is suspended for one year, and will thereafter be waived, provided the companies commit no violation of the Export Administration Regulations during that time. The company voluntarily disclosed the shipments and cooperated with the investigation. Export controls on biological agents implement U.S. obligations to the 30-nation Australia Group. Biotoxins are among the most dangerous items controlled by Australia Group members because they can be used to produce biological weapons. The case resulted from an investigation conducted by special agents from the Office of Export Enforcement's field office in Irvine, California.

Aldrich Ames

On March 23, 1999, the Commerce Department denied Aldrich Ames export privileges until April 24, 2004, pursuant to Section 11(h) of the Export Administration Act, based upon his conviction under the Espionage Act. Ames is serving time in federal prison.

Harold J. Nicholson

On March 23, 1999, the Commerce Department denied Harold J. Nicholson, of Eugene, Oregon, export privileges until June 7, 2007, pursuant to Section 11(h) of the Export Administration Act, based upon his conviction under the Espionage Act for conspiring with officers of the intelligence services of the Russian Federation, to communicate, deliver and transmit to Russia photographic negatives and information relating

to the U.S. national defense. Nicholson is serving time in federal prison.

A.V.S. Armoured Vehicles' Systems, Inc.

On March 23, 1999, the Commerce Department denied A.V.S. Armoured Vehicles' Systems, Inc., of Plainview, New York, export privileges until April 10, 2000, pursuant to Section 11(h) of the Export Administration Act, based upon its conviction under the Arms Export Control Act for false statements relating to the end-user of replacement parts for a "Hawk" anti-aircraft missile system.

Collin Xu/yi Yao/Lion Photonics

On March 9, 1999, a grand jury in Boston returned an indictment charging Collin Xu, Yi Yao, Lion Photonics, of Montreal, Canada, and Lion Photonics, of Beijing, China, with illegally exporting fiber optic gyroscopes to China, via Canada. The investigation disclosed that the defendants falsely described the exported items as fiber sensors for optical communication and listed Canada as the country of ultimate destination. Yao and Xu are currently in custody pending trial.

Hadi Shalchi

On March 2, 1999, Hadi Shalchi, president and owner of Continental A. P. Company, of Hopelawn, New Jersey, pleaded guilty in U.S. District Court in Newark on behalf of Continental A.P. Company to charges that the company violated the Export Administration Regulations by illegally exporting auto parts to Iran. Shalchi pleaded guilty on his own behalf to making false statements in connection with that transaction. Shalchi admitted that he had represented that the auto parts were bound for the UAE when, in fact, they were bound for Iran. The Office of Export Enforcement's New York field office investigated the case.

PPG Industries de Mexico, S.A. de C.V.

On February 26, 1999, the Commerce Department imposed a \$60,000 civil penalty on PPG Industries de Mexico, S.A. de C.V. (PPG Mexico), a Mexican chemical company, to settle allegations that the company exported potassium fluoride from the United States to Mexico without the required Commerce Department licenses. The Department also alleged that, on two of those occasions, PPG Mexico knew that the violations would occur. A portion of the penalty, \$20,000, will be suspended for one year, then waived, if PPG Mexico commits no violations during that time. Potassium fluoride is controlled for export by multilateral agreement with the 30-nation Australia Group because, in addition to its legitimate commercial uses, the chemical has the potential to serve as a precursor in a chemical weapons program.

Alcoa Ordered to Pay \$750,000 Penalty

On February 19, 1999, Under Secretary for Export Administration William Reinsch imposed a \$750,000 civil penalty on the Aluminum Company of America (ALCOA) for 100 violations of the Export Administration Regulations (EAR). Reinsch affirmed the findings of an Administrative Law Judge (ALJ) that ALCOA exported potassium fluoride and sodium fluoride to Jamaica and Suriname on 50 separate occasions without obtaining the required Commerce export licenses. Additionally, the ALJ found that ALCOA made false statements in connection with each of the 50 shipments. ALCOA committed the violations because its export compliance program failed to recognize that the chemicals in question had been added to the Commerce Control List.

Yuri Montgomery

On January 15, 1999, a U.S. district judge in Washington, D.C., sentenced Yuri Montgomery, doing business as Fortend USA, to three years' probation for violations of the Export Administration Act and the International Emergency Economic Powers Act. On November 6, 1998, Montgomery pleaded guilty to exporting laser rifle sights, ballistic helmets, optical sights, handcuffs, and stun guns to Macedonia and Slovenia in violation of U.S. export controls. The case was investigated by special agents from the Office of Export Enforcement's Boston field office.

Herb Kimiatek/Kimson Chemical Inc.

On September 4, 1998, the Commerce Department imposed a \$20,000 civil penalty on Herb Kimiatek, individually and doing business as Kimson Chemical Inc., of Boston, Massachusetts, to settle allegations that Mr. Kimiatek exported sodium cyanide from the United States to the Dominican Republic without obtaining the license he knew or had reason to know was required for the shipment. Sodium cyanide is controlled for nonproliferation reasons because it can be used as a precursor for chemical weapons.

Chemicals Export Company

On September 3, 1998, the Commerce Department imposed a \$16,000 civil penalty on Chemicals Export Company, of Boston, Massachusetts, to settle allegations that the company exported sodium cyanide from the United States to Peru, Venezuela and Guatemala without obtaining the required validated export licenses.

SYNTEX S.A. de C.V./Mario Palmeros/Villasana and Company, Inc.

On September 3, 1998, the Commerce Department imposed a \$65,000 civil penalty on Syntex S.A. de C.V., a Mexican chemical company, to settle allegations that it caused, aided, or abetted the export of U.S.-origin hydrogen fluoride from the United States to Mexico without the required Commerce Department licenses. Syntex will pay \$32,500 of the penalty; payment of the remaining fine will be suspended for one year, then waived, provided Syntex commits no violations of the Export Administration Regulations during the one-year probation period.

In two related cases involving freight forwarders for Syntex, the Commerce Department also imposed civil penalties. A \$50,000 civil penalty and a two-year denial of export privileges was imposed on Mario Palmeros of Palmeros Forwarding, and a \$2,500 civil penalty and a two-year denial of export privileges was imposed on Villasana and Company, Inc. All of the penalties against the forwarders, both of Laredo, Texas, were suspended for two years; they will be waived if the forwarders do not violate the Export Administration Regulations during the two-year probation period. The freight forwarders agreed to the sanctions in order to settle allegations that they prepared and used export control documents representing that the chemicals needed no Commerce licenses when, in fact, licenses were required.

Southern Information Systems

On September 3, 1998, the Commerce Department imposed a \$25,000 civil penalty on Southern Information Systems, located in Hsinchu, Taiwan, to settle allegations that the company exported digital microwave systems, which incorporated U.S.-origin parts, from Taiwan to Vietnam without obtaining the required Commerce authorization.

IBM East Europe/asia Ltd

On July 31, 1998, IBM East Europe/Asia Ltd., a Russian subsidiary of International Business Machines Corp., pleaded guilty in U.S. District Court in Washington, D.C. to charges that, in 1996 and 1997, it exported a total of 17 computers to a Russian nuclear weapons laboratory, Arzamas-16, having reason to believe that the computers would be used “directly or indirectly” in research on, or development, design, manufacture, construction, testing or maintenance of nuclear explosive devices. The court imposed an \$8.5 million criminal fine, the maximum permitted for the charges to which the company pled guilty. In a related administrative action, Assistant Secretary Amanda DeBusk ordered IBM East Europe/Asia to pay \$171,000 and denied its export privileges for two years. Imposition of the denial period was suspended, and will be waived, provided the company does not violate the Export Administration Regulations (EAR) or any order issued under the EAR during the two-year probation period. Additionally, IBM East Europe/Asia agreed that, during the next two years, it will not use license exception CTP, and will not to engage in any transactions involving nuclear or military end users or end uses without written authorization from BXA.

EVI, Inc.

On June 30, 1998, the Commerce Department imposed a \$40,000 civil penalty on EVI, Inc., of Houston, Texas, to settle allegations that EVI, Inc., through its former subsidiary, Energy Ventures Mid-East, Inc., exported oil field equipment to Iran without obtaining the required export licenses. The Department also alleged that, in connection with each export, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., made false and misleading statements of material fact on export control documents. At the time, the products were controlled for export to Iran for foreign policy reasons. The Department suspended, for one year, payment of \$10,000 of the \$40,000 civil penalty and will waive payment of the suspended portion of the penalty if EVI complies with the EAR during the one-year probation period.

Gateway 2000, Inc.

On June 19, 1998, the Commerce Department imposed a \$402,000 civil penalty on Gateway 2000, Inc. ("Gateway 2000"), of North Sioux City, South Dakota to settle allegations that, on 30 separate occasions, Gateway 2000 exported U.S.-origin computer systems to 16 countries, including Iran, Syria and China, without the required validated export licenses that it knew or had reason to know were required by the Export Administration Regulations. The Department also alleged that, on 27 separate occasions, Gateway 2000 filed Shipper's Export Declarations containing false or misleading statements of material fact.

Penny Ray/james Lee

On April 6, 1998, the Commerce Department denied Penny Ray and James Lee, both of San Jose, California, all U.S. export privileges until January 14, 2008, pursuant to Section 11(h) of the Export Administration Act. A jury in San Francisco convicted Penny Ray and James Lee of violating the Arms Export Control Act by exporting defense articles to the People's Republic of China without the required export license from the Department of State. On January 14, 1998, Ray and Lee were sentenced to 18 months of imprisonment, followed by three years' supervised release, and a \$50 special assessment fee.

Jose Luis Segin

On May 20, 1998, a U.S. district judge in Miami, Florida, sentenced Jose Luis Segin, president of Segin International Corp., a Miami food broker, to three years' probation, imposed a criminal fine of \$20,000 and a \$100 special assessment fee for violating U.S. restrictions on trade with Cuba. The judge also ordered Segin to serve home confinement using an electronic monitor for the first six months of his probation period. On April 6, 1998, Jose Luis Segin pled guilty in U.S. District Court in Miami to violations of the International Emergency Economic Powers Act, the Trading with the Enemy Act, and the conspiracy statute for his involvement in the illegal exportation of commercial foodstuffs and restaurant supplies to Cuba. On February 1, 1999, the Commerce Department denied Segin all U.S. export privileges until May 20, 2006, pursuant to Section 11(h) of the Export Administration Act.

David Irwin Portnoy

On May 5, 1998, the Commerce Department denied David Irwin Portnoy of Irving, Texas all U.S. export privileges until August 1, 2007, pursuant to Section 11(h) of the Export Administration Act. On August 1, 1997, Portnoy was convicted in the U.S. District Court in Dallas of violating the International Emergency Economic Powers Act by transshipping electronic components and telecommunications equipment through Switzerland to Libya without the required export licenses.

Wayne P. Smith

On May 5, 1998, the Commerce Department denied Wayne P. Smith of Vinton, Louisiana all U.S. export privileges until July 3, 2006, pursuant to Section 11(h) of the Export Administration Act. On July 3, 1996, Smith was convicted in the U.S. District Court in the Western District of Louisiana of violating the Arms Export Control Act by exporting 80 plain self-aligning ball bearings for McDonald Douglas F-4 Phantom II jets without the required export license from the Department of State.

Well Complex International/David Chan

On March 17, 1998, Well Complex International of Passaic, New Jersey, pled guilty in U.S. District Court in Newark, New Jersey, to charges of exporting hafnium granules to the People's Republic of China without obtaining a validated export license from the Department of Commerce. The export of hafnium is controlled to the People's Republic of China for foreign policy reasons. David Chan, owner of Well Complex International, pled guilty to charges that he violated the false statement statute in connection with the illegal exportation of hafnium granules to the People's Republic of China. On July 8, 1998, Well Complex was sentenced to five years' probation, a \$7,500 criminal fine and a \$200 special assessment fee. David Chan was sentenced to three years' probation, a \$500 criminal fine and a \$100 special assessment. The case was the result of an investigation by the Office of Export Enforcement's New York field office.

C.H. Powell Company

On March 2, 1998, the Commerce Department imposed a total civil penalty of \$30,000 on C.H. Powell Company of Peabody, Massachusetts for allegedly preparing shipping documents containing false information and acting with knowledge or reason to know that a violation had occurred. The civil penalties were imposed in two separate cases. In one case, the Department alleged that C.H. Powell prepared export control documents with false information and used them in connection with the exports of sodium cyanide from the United States to Peru, Venezuela and Guatemala. In the second case, the Department alleged that C.H. Powell arranged for an exporter to ship U.S.-origin sodium cyanide from the United States to the Dominican Republic, knowing or having reason to know that the exporter had failed to obtain the necessary Commerce Department authorization.

Republic Cargo Systems

On February 26, 1998, the Commerce Department imposed a \$10,000 civil penalty on Republic Cargo Systems, successor to certain of the business of H&M International Air Freight Corp. in Kearny, New Jersey, for allegedly exporting U.S.-origin marine diesel engine parts from the United States to Vietnam without obtaining the required validated license. The penalty is suspended for one year, and then will be waived provided that Republic Cargo Systems does not violate the export regulations during the suspension period.

Lep Profit International, Inc.

On February 26, 1998, the Commerce Department imposed a \$60,000 civil penalty on LEP Profit International, Inc. (LEP) of Marietta, Georgia, for allegedly preparing shipping documents containing false information. The Department alleged that the Seattle office of LEP prepared and used export control documents to effect exports to Vietnam, representing that the commodities were licensed for export to Vietnam, when, in fact, none of the exports was licensed. A portion of the penalty, \$15,000, will be suspended for two years then waived provided that LEP does not violate the export regulations during the suspension period.

Allergan, Inc.

On January 26, 1998, the Commerce Department imposed a \$824,000 civil penalty on Allergan, Inc. ("Allergan")

of Irvine, California to settle allegations that Allergan violated export controls on biological agents by shipping botulinum toxin pharmaceutical product from the United States to various countries without the required export licenses. The export controls on biological agents are part of U.S. obligations to the 30-nation Australia Group, whose members are committed to curbing the proliferation of chemical and biological weapons. All member countries require licenses to export biological agents with both legitimate civilian uses and possible uses in biological weapons. Biotoxins are considered among the most dangerous items controlled by Australia Group members because some nonmember countries have produced or acquired them for biological weapons purposes. The Commerce Department's Office of Export Enforcement field office in Los Angeles conducted the investigation.

HENRY JOSEPH TROJACK/HAMID ABDOL RASHIDIAN

On February 18, 1998, a federal jury in Portland, Oregon, convicted Henry Joseph Trojack for conspiring with others to illegally export impregnated alumina (a chemical catalyst) to Iran through Dubai, United Arab Emirates, while operating under the name of R & H International. On January 12, 1999, a U.S. district judge in Portland, Oregon, sentenced Henry Joseph Trojack to seven years' imprisonment for his part in the conspiracy. On April 6, co-defendant Hamid Abdol Rashidian pled guilty in U.S. District Court in Portland, Oregon, to conspiring with others to export General Electric gas turbine parts and impregnated alumina to Iran through the United Arab Emirates. On June 8, 1998, a federal judge in Portland, Oregon, sentenced Hamid Abdol Rashidian to serve 21 months in prison, followed by three years' supervised release and a \$100 special assessment fee for his participation in the conspiracy. As part of his guilty plea, Rashidian agreed to forfeit \$10,000 to the United States. The case was the result of a joint investigation by the Office of Export Enforcement's San Jose field office and the U.S. Customs Service.

Republic-Lagun Machine Tool Company

On March 15, 1998, the Commerce Department imposed a \$20,000 civil penalty on Republic-Lagun Machine Tool Company, of Carson, California, to settle allegations that the company exported a vertical milling machine with a computer numeric controller (CNC) from the United States to the People's Republic of China without obtaining the validated export license that the company knew was required. Exports of CNC-equipped milling machines are controlled for national security and nuclear nonproliferation reasons.

Nf&M International Inc.

On February 9, 1998, the Commerce Department imposed a \$82,500 civil penalty on NF&M International Inc. (NF&M), a manufacturer of titanium alloy in Jericho, New York, for allegedly exporting titanium alloy products to consignees in Australia, Austria, England, Germany, and Israel without obtaining the required export licenses. The Department agreed to suspend payment of \$42,500 for one year and then to waive that payment, provided that NF&M complies with export control regulations.

BE Aerospace

On January 13, 1998, BE Aerospace, Inc., headquartered in Wellington, Florida, pled guilty in the United States District Court in New Haven, Connecticut to violating the Export Administration Regulations and was fined \$2.5 million and given three years' probation. In a related administrative action, the Commerce Department imposed a \$500,000 civil penalty on PTC Aerospace, a division of BE Aerospace, to settle allegations stemming from the same transactions which involved the export of aircraft parts, mainly seats, from PTC Aerospace to France for installation in Iran Air aircraft without obtaining the required validated export licenses from the Department of Commerce. The Department also denied PTC Aerospace's export privileges for three years, but suspended the denial conditioned on PTC Aerospace not committing another violation during that period. On May 12, 1998, the Commerce Department imposed a \$10,000 civil penalty on Marc A. Leveille, a French national and manager of BE Aerospace, S.A. in Paris, for allegedly directly or indirectly falsifying or concealing a material fact in the course of an action instituted under the authority of the Act regarding the export of aircraft parts to France for installation on Iran Air aircraft. The case was the result of a joint investigation by the Commerce Department's Office of Export Enforcement field office in New York and the U.S. Customs Service.

JACK BAUGHER

On December 19, 1997, a U.S. district judge in Yakima, Washington sentenced Jack Baugher to pay a \$130,000 fine, and a \$400 special assessment fee, serve five years' probation with four months of home detention, and to perform 100 hours of community service, based on his guilty plea to illegally exporting pepper spray and stun guns to the Philippines and Mexico. In addition, on August 3, 1998, the Commerce Department denied Baugher all U.S. export privileges until December 19, 2005, pursuant to Section 11(h) of the Export Administration Act.

WILLIAM F. MCNEIL

On November 7, 1997, the Commerce Department imposed a five-year denial of export privileges on William F. McNeil, of Pittsfield, Massachusetts, based on his conviction for illegally exporting riot shields to Romania without the required export license.

BEN H. ATTIA

On October 30, 1997, the Commerce Department's Under Secretary for Export Administration William A. Reinsch denied Ben H. Attia, also known as Adnan Attia, of Miami Beach, Florida, individually and doing business as General Polyphase, Inc. of Tunis, Tunisia, all U.S. export privileges for 15 years for exporting ballistic shields to Tunisia without obtaining the required export license. The Commerce Department's Office of Export Enforcement field office in Boston investigated the case.

KIYOYUKI YASUTOMI

On January 5, 1998, Kiyoyuki Yasutomi, a Japanese businessman, pled guilty in U.S. District Court in Washington, D.C. to violating the Export Administration Act by illegally reexporting computer equipment valued at \$1.4 million from Japan to Pakistan without the required export license. The U.S. District Court Judge sentenced Yasutomi to eighteen months' imprisonment and a \$10,000 fine. On November 23, 1998, the Commerce Department denied Yasutomi all U.S. export privileges until January 5, 2008, pursuant to Section 11(h) of the Export Administration Act.

FRANCISCO FERREIRO-PARGA/ CARLOS FERNANDEZ/KENNETH BRODER/MANUEL TORRES/ PEDRO BORGES

An indictment filed in May of 1997 charged that, from November 1993 through April 1997, Francisco Ferreiro-Parga, Carlos Fernandez, Kenneth Broder, and two co-defendants Manuel Torres and Pedro Borges, illegally exported 38 container loads of commercial foodstuffs and restaurant supplies from South Florida to Cuba by falsely claiming the shipments were destined for the Dominican Republic, Netherlands Antilles, and Mexico.

On September 18, 19, and 25, 1997, Ferreiro-Parga, Fernandez, and Broder respectively, pled guilty in the U.S. District Court for the Southern District of Florida to criminal charges relating to the illegal export of commercial foodstuffs and restaurant supplies to Cuba. Ferreiro-Parga and Broder pled guilty to charges that they violated the International Emergency Economic Powers Act, the Trading with the Enemy Act, and the federal criminal conspiracy statute. Fernandez pled guilty to charges that he violated the Trading with the Enemy Act and the federal criminal conspiracy statute. The pleas were the result of a nine-month investigation by Commerce Department's Office of Export Enforcement field office in Miami, the U.S. Customs Service, and the U.S. Attorney's Office in Miami.

On December 5, 1997, a U.S. District Court judge in Miami sentenced Ferreiro-Parga to 18 months' imprisonment and two years' probation for violating U.S. restrictions on trade with Cuba. On January 25, 1999, the Commerce Department denied Ferreiro-Parga all U.S. export privileges until December 12, 2007, pursuant to Section 11(h) of the Export Administration Act. On February 2, 1998, the Judge sentenced Fernandez to five months' imprisonment,

two years' supervised release, five months of which must be spent in home detention and imposed a special assessment of \$250. The Judge sentenced Broder to five months' imprisonment, two years' supervised release, imposed a fine of \$30,000 and a special assessment fee of \$200. On February 2, 1999, the Commerce Department denied Broder all U.S. export privileges until February 2, 2007, pursuant to Section 11(h) of the Export Administration Act. Torres was found not guilty in a jury trial. Borges remains a fugitive in the case.

IAN ACE/KARL CORDING/ A. ROSENTHAL

On August 8, 1997, the Commerce Department's Under Secretary for Export Administration, William A. Reinsch, affirmed an Administrative Law Judge's recommended decision and order and denied Ian Ace's export privileges for a period of 20 years, finding that Ace, Manager of A. Rosenthal (Pty) Ltd., Capetown, South Africa, conspired with others to export and exported U.S.-origin shotguns to Namibia and South Africa without obtaining the proper Commerce Department licenses. The Under Secretary further found that, in connection with those exports, Ace made false material statements of fact in connection with the preparation, submission, or use of export control documents. Separately, on June 6, 1997, one of Ace's co-conspirators, Karl Cording, was also denied export privileges for a period of 20 years. The Commerce Department's Office of Export Enforcement field office in Los Angeles investigated the case.

Elham Abrishami

On August 20, 1997, Elham Abrishami, of Dublin, Ohio, was sentenced to two terms of five months to run consecutively following a guilty plea on January 13, 1997, in the U.S. District Court for the Southern District of Ohio, to charges of violating provisions of the Commerce Department's Export Administration Regulations.

On August 3, 1998, the Commerce Department denied Elham Abrishami, of Dublin, Ohio, all U.S. export privileges until August 20, 2007, pursuant to Section 11(h) of the Export Administration Act.

Abrishami's conviction resulted from an investigation that disclosed that Abrishami knowingly and willfully exported and caused to be exported items on the U.S. Department of Commerce's Control List, consisting of radio communications equipment valued at \$9,660, from the United States to the United Arab Emirates for transshipment to Iran without authorization from the Department, and with knowledge that the radio equipment was destined for Iran, a country to which exports are controlled for foreign policy purposes. Abrishami also pled guilty to attempting to export defense articles, 100 Sectrone ST-25 Mobilcall Encryption Modules, from the United States to the United Arab Emirates for transshipment to Iran without first having obtained the required U.S. Department of State license, in violation of the Arms Export Control Act. This investigation was conducted jointly by the Commerce Department's Office of Export Enforcement field office in Herndon, Virginia, and the U.S. Customs Service.

I.G.G. Corporation

On July 17, 1997, I.G.G. Corporation (I.G.G.), King of Prussia, Pa., a wholly-owned subsidiary of IGG Component Technology, Ltd., Portsmouth, England, pleaded guilty in the U.S. District Court for the Eastern District of Pennsylvania to knowingly exporting electronic components from the United States to the Indian Space Research Organization (ISRO) without the required export licenses. I.G.G. was assessed a \$50,000 criminal fine, a special assessment of \$200 and placed on probation for five years. In addition, on July 17, 1997, Acting Assistant Secretary Frank Deliberti ordered I.G.G. to pay a \$400,000 civil penalty to settle allegations that I.G.G. exported U.S.-origin electronic equipment knowing the goods were intended for end-use by ISRO without the required export licenses in violation of the Commerce Department's Export Administration Regulation that implements the Enhanced Proliferation Control Initiative (EPCI). BXA had issued an "is informed letter" to I.G.G. under the authority of EPCI advising that an individual export license or reexport authorization was required for all exports to ISRO. EPCI was

established to prevent any exports of products to end-users which are known or believed to be involved with the development of weapons of mass destruction. I.G.G. was also denied export privileges for a period of seven years. This denial was suspended for seven years and will thereafter be waived if the company does not violate U.S. export control laws during the suspension period. The case was investigated by the Commerce Department's Office of Export Enforcement field office in New York and the U.S. Customs Service, Philadelphia, PA.

William A. Roessl

On July 22, 1997, the Commerce Department's Under Secretary for Export Administration William A. Reinsch issued a final decision and order affirming the Administrative Law Judge's recommended decision and order, finding that William A. Roessl of Beverly Hills, CA, when doing business as Enigma Industries, exported a Floating Point Systems model 164 Array Processor from the United States through Canada to the Federal Republic of Germany without the required export license, and denying all of Roessl's export privileges for ten years.

Suburban Guns (PTY) LTD.

On July 25, 1997, Suburban Guns (Pty) Ltd. of Capetown, South Africa, was fined \$10,000 and placed on two-year's probation, and ordered to pay a \$600 special assessment fee in the U.S. District Court for the Southern District of New York, for illegally exporting shotguns, rifles, and ammunition to South Africa. On March 23, 1998, the Commerce Department imposed a 10-year denial of export privileges pursuant to Section 11(h) of the EAA. The Commerce Department's Office of Export Enforcement's field office in New York investigated the case jointly with the U.S. Customs Service.

Lansing Technologies Corporation

On June 17, 1997, Lansing Technologies Corporation (Lansing Technologies), represented by its president, Red-Chin Yang, pleaded guilty in the U.S. District Court for the Eastern District of New York to exporting a vector computer processor and a data acquisition control system to the People's Republic of China without obtaining the required export licenses from the Department of Commerce. On October 16, 1997, U.S. District Court Judge, Eastern District of New York, imposed a \$10,000 fine and a \$400 special assessment on Lansing Technologies. The case was investigated by the Department of Commerce's Office of Export Enforcement field office in New York.

Summit Marketing, Inc.

On September 26, 1997, Sanford Groetzinger, president and corporate counsel of Summit Marketing, Inc., were convicted on four counts of violating the Arms Export control Act in connection with the export of numerous military aircraft components to Iran via France, without having obtained the required export licenses from the Department of State. On May 11, 1998, the Commerce Department denied Sanford Groetzinger and Summit Marketing, Inc. all export privileges until September 26, 2005, pursuant to Section 11(h) of the Export Administration Act. The Commerce Department's Office of Export Enforcement field office in Boston investigated the case.

Dell Computer Corporation

On June 17, 1997, the Commerce Department imposed a \$50,000 civil penalty on Dell Computer Corporation, of Austin, Texas, to settle allegations that it violated the Export Administration Regulations. The Department alleged that, on three separate occasions from March 1992 through June 1992, Dell shipped U.S.-origin computer equipment from the United States to Iran without first obtaining the required validated export licenses from the Department of

Commerce. The allegations are the result of an investigation conducted by Export Enforcement's Dallas Field Office.

Delft Instruments, N.V.

On June 16, 1997, the Commerce Department imposed a \$50,000 civil penalty on Delft Instruments, N.V., a firm located in the Netherlands, to settle allegations that Delft made false statements to the Department in connection with an enforcement action. The Department alleged that, on five separate occasions between August 2, 1991 and February 10, 1992, Delft made false and misleading statements of material fact to the Department when Delft opposed the renewal of a 1991 temporary denial order. The alleged false statements related to representations Delft made to the Department concerning whether members of its Executive Board knew that Delft had exported thermal imaging prototypes to Iraq and Jordan without the required U.S. export licenses. Delft plead guilty in 1992 to charges that it had violated the Arms Export Control Act by exporting U.S.-origin thermal imaging prototypes to Iraq without the required export license. The allegations were the result of an investigation conducted by Export Enforcement's Washington Field Office.

Digital Creations

On June 13, 1997, United States District Court Judge William Walls of the District of New Jersey fined Digital Creations Corporation of Closter, New Jersey, \$800,000 for violating the Export Administration Act and Regulations. In December 1994, Digital Creations Corporation had plead guilty to charges that it illegally exported DEC computer equipment to the People's Republic of China without first having obtained the required export license from the Commerce Department. Lawyers for Digital Creations then requested postponement of the sentencing. The case was investigated by Export Enforcement's New York Field Office.

Lasertechnics, INC.

On May 30, 1997, the Commerce Department imposed a \$180,000 civil penalty on the Albuquerque, New Mexico firm, Lasertechnics, Inc., for allegedly exporting U.S.-origin thyratrons from the United States without the required export licenses. While neither admitting nor denying the allegations, Lasertechnics cooperated with BXA in connection with the investigation, which was conducted by Export Enforcement's Los Angeles Field Office. Based on the investigation, the Department alleged that, on 36 separate occasions from November 1991 through March 1994, Lasertechnics, Inc., exported U.S.-origin thyratrons from the United States to Hong Kong, Ireland, Malaysia, and Singapore without first obtaining the licenses required under the Export Administration Regulations.

Thyratrons send a high voltage current through a device and can be used as a nuclear triggering device, but can also be used for medical and scientific purposes. Hydrogen thyratrons were controlled at the time of the violations for nuclear nonproliferation reasons and are currently controlled for anti-terrorism reasons. Payment by Lasertechnics of \$80,000 of the civil penalty will be suspended for three years, and thereafter waived provided that the company commits no violations of the Export Administration Act or Regulations during the period of suspension.

AAT Communications

On June 10, 1997, the Commerce Department imposed the maximum civil penalty of \$30,000 against AAT Communications of Staten Island, New York, to settle allegations that, in shipping electronic test equipment and communications components that AAT believed to be destined for Iran, the company violated U.S. export control laws. On three separate occasions between December 1990 and February 1991, AAT exported U.S.-origin electronic test equipment and communications components from the United States to the United Kingdom using general license G-DEST as the authority to export the commodities. The Department alleged that AAT misused general license G-DEST in making those exports because the company knew or had reason to believe that the commodities would be reexported from the United Kingdom to Iran. In each case, the reexport of the commodities from the United Kingdom

to Iran had not been approved by the Commerce Department. The Department's allegations were based on an investigation conducted by Export Enforcement's New York Field Office.

**PRESIDENT TITANIUM/
HELLMANN INTERNATIONAL FORWARDERS/THYSSEN HANIEL
LOGISTICS/JML FREIGHTFORWARDING/ MORRISON EXPRESS
CORPORATION**

On May 29, 1997, the Commerce Department imposed a \$125,000 civil penalty on President Titanium of Hanson, Massachusetts, for allegedly exporting titanium bars on 25 separate occasions from the United States to various foreign countries, England, France, Germany, Sweden, South Africa, Switzerland, and the Netherlands, without the required validated licenses, in violation of the Export Administration Regulations. The civil penalty imposed on President Titanium was the final settlement in a series of related cases that were investigated by Export Enforcement's Boston Field Office. The other four cases, detailed below, involved the freight forwarders hired by President Titanium, and resulted in the imposition of civil penalties on each of the forwarders.

On May 1, 1997, the Commerce Department imposed a \$15,000 civil penalty on Hellmann International Forwarders, Inc., of Miami, Florida, for allegedly preparing shipping documents that contained false information. The Department alleged that on three occasions, the Chelsea, Massachusetts, office of Hellmann prepared and used export control documents to ship titanium bars from the United States to Sweden, representing that the exports qualified for export under general license G-DEST, when in fact a validated license was required.

On April 2, 1997, the Commerce Department imposed a \$30,000 civil penalty on Thyssen Haniel Logistics, Inc., of Atlanta, Georgia, formerly known as Amerford International Corporation, for allegedly preparing shipping documents that contained false information. The Department alleged that, on six occasions, the Boston office of Thyssen prepared and used export control documents for the purpose of effecting exports of titanium bars from the United States to Germany, representing that the exports qualified for export under general license G-DEST, when in fact a validated license was required.

On March 26, 1997, the Commerce Department imposed a \$15,000 civil penalty on JML Freight Forwarding, Inc., of Kearny, New Jersey, formerly known as Jacky Maeder, Ltd., for allegedly preparing shipping documents that contained false information. The Department alleged that, on three occasions, the East Boston, Massachusetts, branch of JML prepared and used export control documents for the purpose of effecting exports of titanium bars from the United States to Switzerland, representing that the exports qualified for export under general license G-DEST, when in fact a validated license was required.

On February 26, 1997, the Commerce Department imposed a \$5,000 civil penalty on Morrison Express Corporation, of Chelsea, Massachusetts, for allegedly preparing a shipping document that contained false information. The Department alleged that Morrison represented on a shipping document that titanium bars could be exported under general license G-DEST, when in fact a validated license was required.

Thane-Coat, Inc. et al.

On May 5, 1997, Acting Assistant Secretary for Export Enforcement Frank W. Deliberti issued an order temporarily denying all U.S. export privileges to Thane-Coat, Inc., of Stafford, Texas; its president, Jerry Vernon Ford; its vice-president, Preston John Engebretson; and two affiliates, Export Materials, Inc., of Stafford Texas, and TIC, Ltd., of Freeport, The Bahamas. The Export Administration Regulations (EAR) allow for issuance of a temporary denial

order when the order is necessary in the public interest to prevent an imminent violation of the Export Administration Act or Regulations.

BXA represented to the Acting Assistant Secretary that it had reason to believe that, between 1994 and 1996, Thane-Coat, Inc., through Ford and Engebretson, and using Export Materials, Inc. and TIC, Ltd., made approximately 100 shipments of U.S.-origin pipe coating materials, machines, and parts valued at \$35 million to Libya via the United Kingdom and Italy, without the authorizations required under U.S. law, including the Regulations. BXA became aware of the shipments as a result of a joint investigation conducted by Export Enforcement's Dallas Field Office, the U.S. Customs Service, and the U.S. Attorney's Office in Houston, Texas.

The U.S.-origin commodities that were shipped to Libya were for coating the internal surface of prestressed concrete cylinder pipe for use in the Government of Libya's Great Man-Made River Project. This is a multiphase, multibillion dollar engineering endeavor designed to bring fresh water from wells drilled in southeast and southwest Libya to its coastal cities. The United States Government maintains a comprehensive economic sanctions program against the Government of Libya that prohibits virtually all commercial transactions involving U.S.-origin commodities or U.S. persons, or both, with the Government of Libya, unless specifically authorized.

The temporary denial order of May 5, 1997, is effective for 180 days, after the expiration of which BXA may seek renewal of the order. The order was appealed by Thane-Coat, Ford and Engebretson to the Honorable Joseph N. Ingolia, Chief Administrative Law Judge of the U.S. Coast Guard in Baltimore, Maryland. On June 11, 1997, Judge Ingolia issued a recommended decision and order strongly recommending to the Under Secretary for Export Administration that the decision of the Acting Assistant Secretary for Export Enforcement to temporarily deny export privileges to Thane-Coat, Inc. of Stafford, Texas, and the other respondents, for a period of 180 days be affirmed. On June 19, 1997, Under Secretary for Export Administration William A. Reinsch issued a final decision and order affirming the issuance of the temporary denial order.

On October 31, 1997, Acting Assistant Secretary for Export Enforcement Frank W. Deliberti renewed an order temporarily denying the export privileges of Thane-Coat, Inc., of Stafford, Texas; its president, Jerry Vernon Ford; its vice-president, Preston John Engebretson; and two affiliates, Export Materials, Inc., Stafford, Texas; and Thane-Coat International, Ltd., Freeport, The Bahamas.

On April 29, 1998, Assistant Secretary for Export Enforcement Amanda DeBusk renewed the October 31, 1997 temporary denial order (TDO) against Thane-Coat International, Ltd. and Export Materials, Inc. The renewal denies all U.S. export privileges for the two entities for an additional 180 days. On the same day, Assistant Secretary DeBusk renewed the October 31 order against Thane-Coat, Inc., Jerry Vernon Ford, and Preston John Engebretson, denying them all export privileges for items exported or to be exported to the United Kingdom, the Bahamas, Libya, Cuba, Iraq, North Korea, Iran and any other country against whom the United States declares an embargo. On October 23, 1998, Assistant Secretary DeBusk renewed both temporary denial orders for an additional 180 days in accordance

with the terms of the orders issued on April 29, 1998. On April 20, 1999, Assistant Secretary Amanda DeBusk renewed both temporary denial orders for an additional 180 days on the same bases as the orders issued on October 23, 1998.

Advanced Vacuum Systems, Inc. (AVS)

On May 1, 1997, the Commerce Department imposed a \$5,000 civil penalty on Advanced Vacuum Systems, Inc. (AVS), of Ayer, Massachusetts, for allegedly exporting commodities to the People's Republic of China (PRC) without obtaining the required export license. Based on an investigation conducted by Export Enforcement's Boston Field Office, the Department alleged that AVS exported a low pressure sintering furnace and spare parts valued at over \$600,000 to the PRC without the required export license. At the time of the export, the furnace was controlled worldwide for nuclear nonproliferation reasons. Because the company disclosed the alleged violation to the Department and took effective action to resolve the problem, \$2,000 of the \$5,000 penalty was suspended for three years. The suspended portion of the penalty will be waived after three years as long as there are no further violations.

Compaq Computer Corporation

On April 18, 1997, the Commerce Department imposed a civil penalty of \$55,000 on Compaq Computer Corporation, of Houston, Texas, for allegedly exporting computer equipment without obtaining the required validated licenses, in violation of the Export Administration Regulations. Based on an investigation conducted by Export Enforcement's Dallas Field Office, BXA alleged that, on three separate occasions from September 1992 through June 1993, Compaq exported computer equipment from the United States to Venezuela, Chile, and the People's Republic of China without obtaining the required validated licenses. At the time of the exports, the computer equipment was controlled for national security reasons. The penalty imposed reflects the fact that Compaq disclosed the alleged violation to the Department and took action to ensure that future exports would have the necessary authorization from BXA.

Rmi Titanium

On January 8, 1997, the Commerce Department imposed a \$160,000 civil penalty on RMI Titanium, of Niles, Ohio, for alleged violations of the Export Administration Act and Regulations. Based on an investigation conducted by Export Enforcement's Washington Field Office, the Department alleged that RMI Titanium violated the Export Administration Act and Regulations when it made six shipments of titanium alloy products to France and Israel without obtaining the required export licenses. The Department also alleged that RMI Titanium made false and misleading statements of material fact on export control documents. The export of these titanium alloy products from the United States is controlled for nuclear nonproliferation reasons.

New World Transtechnology

On December 20, 1996, New World Transtechnology (NWT), Galveston, Texas, plead guilty to a criminal information that charged the company with two counts of violating the International Emergency Economic Powers Act, and one count of making false statements. A criminal fine of \$10,000 was imposed and a special assessment fine of \$600 was levied against NWT. On March 19, 1998, the Department imposed a ten-year denial of export privileges on New World Transtechnology pursuant to Section 11(h) of the EAA.

Export Enforcement's Dallas Field Office initiated an investigation of NWT based on information provided by Export Enforcement's San Jose Field Office. As a result of the Dallas Field Office's investigation, the criminal information filed in the Galveston, Texas, division of the U.S. District Court for the Southern District of Texas, alleged that NWT had exported three Sun Microsystems computers to a nuclear equipment factory located in the People's Republic of China in August 1992, without the required validated export license. It was also alleged that, in October 1992, NWT attempted to illegally export a MIPS computer to the same destination in the People's Republic of China. Export Enforcement Special Agents seized another computer before it could be shipped to China via Hong Kong.

Allvac

On January 22, 1997, the Department imposed a \$122,500 civil penalty on Allvac, a Monroe, North Carolina, manufacturer, to settle allegations that the company violated the Export Administration Regulations. Based on an investigation conducted by Export Enforcement's Washington Field Office, the Department alleged that Allvac made 48 shipments of titanium alloy products from the United States to Australia, China, France, Ireland, Israel, Italy, Japan, Germany, Switzerland, Taiwan, and the United Kingdom, as well as one shipment of a maraging steel product from the United States to Germany, all without the required U.S. export licenses. The shipments of the titanium alloy and maraging steel products, which are controlled for nuclear nonproliferation reasons, occurred from September 1991 to June 1993. Allvac voluntarily disclosed these shipments to the Department, and the Department agreed to suspend payment of \$47,500 of the penalty for one year, and then to waive payment of that amount provided Allvac commits no violation of the Regulations during that period.

Korelski/Doornbos GMBH/Helco Company, Inc.

On December 18, 1996, the Department imposed a four-year denial of export privileges on both Doornbos GmbH of Solingen, Germany, and its general manager, Helmut Korelski, to settle allegations that they conspired to evade export control laws which restrict shipments of U.S.-origin equipment to Libya. As a result, neither Doornbos nor Korelski may engage in any transaction involving commodities, technology, or software exported from the United States.

Based on a joint investigation conducted by Export Enforcement's Washington Field Office and the U.S. Customs Service, the Department alleged that Doornbos and Korelski acquired U.S.-made machine parts and construction equipment by claiming that the ultimate destination was Germany, when in fact the goods were sold to the Dong Ah Consortium for use in the Great Man-Made River Project in Libya. As a result of the investigation, Doornbos and Korelski also plead guilty to one count of conspiracy and Doornbos received a criminal fine of \$500,000 in U.S. District Court in Ohio.

On February 19, 1998, the Commerce Department imposed a two-year denial of export privileges and a \$90,000 civil penalty on Helco Company Inc. of Warren, Ohio for allegedly conspiring to evade U.S. export laws that restrict exports to Libya by selling equipment and spare parts for use in construction in the Great Man-Made River Project in Libya to Doornbos GmbH. As part of the settlement, \$40,000 of the civil penalty and the denial of export privileges will be suspended and then waived provided that Helco does not violate U.S. export control laws during the suspension period. Helco also pled guilty in federal court to a criminal charge of conspiring to export machine parts to Libya. Helco will pay a \$250,000 criminal fine and a special assessment of \$200.

Sombergs/Rothco

On June 3, 1996, Milton Somberg, president of Rothco, Smithtown, New York, and his son, Howard Somberg, vice president of the company, were arrested by Special Agents from Export Enforcement's New York Field Office and from the U.S. Customs Service. In a complaint filed in U.S. District Court for the Eastern District of New York, the two were charged with illegally exporting military and police products controlled for export by the U.S. Departments of State and Commerce. The illegal exports included stun guns, tear and pepper gas, handcuffs, night vision equipment, semi-automatic ammunition magazines, deactivated hand grenades and chemical protective suits. The illegal exports were destined to various countries, including Japan, Peru, Bolivia, Paraguay and the Czech Republic.

The investigation which led to the arrests began after the receipt of allegations of possible links between U.S. military and police surplus equipment firms and the Aum Shinrikyu ("Aum"), a Tokyo-based religious sect whose leader was prosecuted for the March 20, 1995, fatal sarin gas attack on the Tokyo subway system. The investigation revealed that, in the days prior to the March 20 attack, a company owned by the Aum had contracted with Rothco for the purchase and export of 400 Israeli-made gas masks. On March 2, 1995, Rothco shipped ten cartons of the gas masks, falsely labeled as "facemasks," to Fremont, California, for transshipment to Tokyo. U.S. Customs agents seized the gas masks prior to their scheduled export to Japan.

Yuchai America

On October 2, 1996, Yuchai America Corporation of Cleveland, Ohio, agreed to pay a civil penalty of \$200,000 for alleged violations of the Export Administration Regulations. As the result of an investigation conducted by Export Enforcement's New York Field Office, the Commerce Department alleged that, in May 1994, Yuchai America attempted to export two five-axis milling machines to the People's Republic of China without the required validated U.S. export license, and made false and misleading statements of material fact on export control documents. Yuchai America neither admitted nor denied the allegations.

Yuchai America is an affiliate of Yuchai Machinery Company, Ltd. of China.

Sigma Chemical Company

On July 8, 1996, the Commerce Department imposed a civil penalty of \$480,000 on Sigma Chemical Company, based in St. Louis, Missouri, for allegedly violating export controls on biological agents by shipping U.S.-origin biotoxins to various countries on 48 separate occasions between July 1992 and January 1993 without the required export licenses. This action marked the first settlement with a firm alleged to have exported biological agents illegally.

The investigation which led to this settlement began in 1992. It was prompted by a General Accounting Office (GAO) study of U.S. and international efforts to ban biological weapons, requested by then-Senator Al Gore. After the follow-up investigation by BXA's Chicago Export Enforcement Field Office, it became clear that Sigma's export compliance system failed to properly interpret and implement the licensing requirements of the Export Administration Regulations.

McKeeve/McNeil International

David McKeeve, a Scottish national, was arrested on November 2, 1995, by Special Agents from Commerce's Export Enforcement Boston Field Office and from U.S. Customs. At the time, McKeeve was attempting, but failed, to export controlled computer equipment to Libya, via Cyprus. He and his company, McNeil International, were subsequently indicted for violations of both the Export Administration Regulations and of the Office of Foreign Assets Control's Libyan Sanctions Regulations. He was also charged with conspiracy and making false statements. On May 30, 1996, McKeeve and McNeil International were found guilty on all charges in the U.S. District Court in Boston, Massachusetts. On August 22, 1996, McKeeve was sentenced to 51 months in federal prison, 36 months' supervised release, and a \$150 special assessment, while McNeil International received a criminal fine of \$125,000 and a \$200 special assessment.

James L. Stephens/Weisser's Sporting Goods

On November 28, 1995, the Commerce Department imposed a 15-year denial of export privileges and a \$60,000 civil penalty on James L. Stephens, president and co-owner of Weisser's Sporting Goods, National City, California, for the alleged illegal export of certain U.S.-origin shotguns to Namibia and South Africa. Separately, on January 16, 1996, Weisser's Sporting Goods was fined of \$30,000 and placed on three years' probation in the U.S. District Court for the Southern District of California. Weisser's Sporting Goods had pled guilty to one count of violating U.S. export control laws in connection with the export of shotguns to South Africa in the District Court on November 20, 1995. The case was the result of an investigation by the Commerce Department's Los Angeles Office of Export Enforcement.

Storm Kheem

Storm Kheem, a resident of Bayshore, New York, pled guilty on January 27, 1995, to violating provisions of the Commerce Department's Export Administration Regulations that implement the Enhanced Proliferation Control Initiative (EPCI). The EPCI regulations prohibit, *inter alia*, U.S. persons from directly contributing to the design, development, production, stockpiling, and use of weapons of mass destruction. The investigation discovered that Kheem and others arranged to transport ammonium perchlorate, a highly-explosive chemical used to manufacture

rocket fuel, from the People's Republic of China to Iraq via Jordan. The chemical had been deliberately mislabeled as a non-explosive water purification chemical to disguise its contents. The Commerce EPCI regulations reached Kheem's activities regarding this transaction even though it involved foreign-origin rocket fuel. Kheem also plead guilty to violating the Iraqi Sanctions Regulations. This investigation was conducted jointly by Commerce, Customs, and the FBI.

Teledyne Industries, Inc./Teledyne Wah Chang

Teledyne Industries, Inc. plead guilty in two separate cases, one in Miami, Florida, on January 26, 1995, and the other in Washington, D.C. on January 27, 1995. In addition, a division of the company, Teledyne Wah Chang of Albany, Oregon, was denied export privileges and fined by the Commerce Department, all for illegally exporting zirconium and making false statements on Commerce license applications and shipping documents. In the Miami case, Teledyne Industries, Inc. was assessed a \$3.9 million criminal fine for violations relating to zirconium exports to companies controlled by Carlos Cardoen, a Chilean arms manufacturer. Cardoen used the zirconium to make cluster bombs which he then sold to Iraq. In the Washington case, Teledyne Industries, Inc. was assessed a \$5,498,125 criminal fine for violations relating to zirconium exports that were supposedly destined for Greece, but which actually were rerouted to another destination.

Commerce imposed a \$2 million civil penalty against Teledyne Wah Chang, the division that made the illegal exports at issue in the criminal cases. Commerce also imposed a three-year export denial against Teledyne Wah Chang, all but three months of which were suspended. During the remainder of the denial period, the division was on "probation." The State Department also imposed a \$1.5 million civil penalty against Teledyne Industries, Inc.

Edward A. Johnson and Swissco Management Group, Inc.

On August 7, 1995, Edward A. Johnson, an employee of Teledyne Industries, Inc., was sentenced by a U.S. District Court judge in Miami to 41 months' imprisonment and fined \$25,000 for his role in illegally exporting 150 tons of zirconium to Chilean arms maker Carlos Cardoen. The zirconium was used as an incendiary agent in cluster bombs Cardoen sold to Iraq in the 1980's.

Johnson was convicted by a jury in Miami on April 4, 1995, on charges of conspiracy, false statements on export licenses submitted to the Commerce Department, and violating the Arms Export Control Act. Evidence presented in the eight-week trial showed that Johnson, a salesman at Teledyne's Wah Chang division in Oregon, knew Cardoen was using the zirconium to make cluster bombs for Iraq, even though export license applications submitted to the Commerce Department claimed the end use was for civilian mining purposes in Chile and Peru. Johnson was also sentenced to three years' supervised release after serving 41 months. On April 28, the U.S. Court of Appeals for the 11th Circuit affirmed Johnson's conviction.

Additionally, the judge sentenced Johnson's co-defendant at trial, Swissco Management Group, Inc., to pay fines totaling \$1,309,230. The same jury that convicted Johnson found Swissco guilty of conspiracy and violating the Export Administration Act. Swissco is a defunct Miami company which acted as Cardoen's U.S. purchasing arm on the zirconium sales. Teledyne was also a co-defendant in the case, but settled pending charges before trial (see preceding story).

Carlos Cardoen

Carlos Cardoen, the Chilean arms merchant involved with Teledyne in the matters described above, and several related parties, were also indicted in connection with the scheme to illegally export zirconium to Chile, where it was used to manufacture cluster bombs for Iraq. Cardoen is a fugitive from justice. Cardoen has paid \$8.6 million to resolve civil forfeiture actions that arose from activities relating to the illegal acts that are the basis for the indictment returned against him in Miami.

Fiber Materials, Inc.

On March 31, 1995, Fiber Materials, Inc., a Maine corporation; its wholly-owned subsidiary, Materials International of Acton, Massachusetts; and the company's top two officers, Walter L. Lachman of Concord, Massachusetts, and Maurice H. Subilia, Jr. of Kennebunkport, Maine, were each found guilty of one count of violating the Export Administration Act and one count of conspiracy. The evidence at trial established that the defendants conspired to, and did, export a control panel in April 1988 from the United States to the Defense Research Development Laboratory in India, intending for it to operate a production-size hot isostatic press to be subsequently provided by the defendants. The control panel required a validated export license from the U.S. Department of Commerce for export from the United States to India. The evidence showed that no such license was ever obtained by the defendants. The evidence also established that a production-size hot isostatic press was, in fact, later manufactured in Europe at the defendants' direction, and shipped from there to India. In 1991 and 1992, defendants Subilia and Fiber Materials, Inc., directed employees to travel to India to install and make fully operational the carbon/carbon processing equipment in India, which included connecting the control panel to the production-size hot isostatic press.

Halliburton

On July 25, 1995, Assistant Secretary for Export Enforcement John Despres signed an order assessing a civil penalty of \$2,610,000 against the Halliburton Company of Texas. The civil penalty was the largest fine imposed by the Department for export violations, and was part of a global settlement related to unauthorized exports and reexports of oil field equipment made to Libya by two Halliburton subsidiaries, Halliburton Logging Services (HLS) and Halliburton Geophysical Services (HGS). HLS exported six pulse neutron generators to Libya between December 1987 and August 1989, and made three unauthorized exports of pulse neutron generators to Kuwait or Yemen between August 1988 and January 1989. HGS made 68 unauthorized reexports of spare parts to Libya between April 1989 and April 1991, and one illegal export of U.S.-origin technical data to Libyan nationals in Tunisia in May 1990. Resolving the criminal proceedings in this case, a judge in the U.S. District Court for the Southern District of Texas accepted Halliburton's plea agreement with the U.S. Attorney's Office, and imposed a criminal penalty of \$1,200,000 for three violations of the International Emergency Economic Powers Act in connection with the export of the pulse neutron generators to Libya.